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Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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The meeting was called to order at 10.15 a.m.

Agenda item 119: Improving the financial situation of the United Nations (*continued*)

1. **Ms. Bárcena** (Under-Secretary-General for Management) said her statement would focus on four main indicators of the Organization's financial health: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States.

2. Turning first to the regular budget, she noted that the levels of assessments and payments had both been lower in 2006 than in 2005, by $73 million and $125 million respectively. The level of unpaid assessed contributions had increased by $28 million, to $361 million. She was pleased to announce that 139 Member States had paid their regular budget assessments in full by 31 December 2006, only one fewer than in 2005. Of the total of $361 million outstanding as at 31 December 2006, over 94 per cent was owed by just three Member States. By 16 May 2007, 82 Member States had paid their regular budget assessments in full, as compared to 87 by 16 May 2006. She urged the remaining Member States to follow their example.

3. On a less positive note, the financial position of the regular budget as at 16 May 2007 was weaker than it had been as at 16 May 2006. Although payments received by 16 May 2007 were $243 million higher than on the same date in 2006, unpaid assessed contributions were also $99 million higher. That was partly because the level of outstanding assessments had been higher at the beginning of 2007 than at the beginning of 2006 and partly because regular budget assessments had increased in 2007. Of the $1.31 billion outstanding as at 16 May 2007, seven countries accounted for over 96 per cent of the total and just two countries accounted for over 78 per cent. The final outcome for 2007 would depend largely on the action taken by those particular Member States.

4. Cash resources for the regular budget consisted of the General Fund, into which assessed contributions were paid, the Working Capital Fund and the Special Account. The increase in the regular budget cash position (from $150 million as at 31 December 2006 to $435 million as at 16 May 2007) was due to a net increase in payments over expenditures during the first quarter of 2007. The increase in the Working Capital Fund — from $100 million to $150 million between 31 December 2006 and 16 May 2007 — was due to the increase in its overall level, and the modest increase in the Special Account (from $224 million to $227 million) was due to the accumulated interest credited to the account. With regard to the month-to-month cash position, although it had been necessary to draw on reserves in November 2006, the cash balance of the General Fund was over $100 million higher as at 16 May 2007 than it had been a year previously.

5. A number of factors made it difficult to predict financial outcomes for peacekeeping activities: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued for the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year.

6. The total amount outstanding for peacekeeping operations as at 31 December 2006 stood at over $1.8 billion, more than $1.1 billion lower than at the end of 2005. That reduction was due primarily to the fact that, because the scale of assessments for 2007 had not been adopted until the end of December 2006, almost $1 billion in assessments for 2006 had been deferred until January 2007. Over two thirds of the amount outstanding was owed by two Member States. She expressed her gratitude to the 17 Member States (Azerbaijan, Bosnia and Herzegovina, Canada, Denmark, Finland, Germany, Ireland, Kazakhstan, Liechtenstein, New Zealand, Portugal, the Russian Federation, Singapore, Sweden, Switzerland, Thailand and Zambia) that had paid all peacekeeping assessments due and payable by 31 December 2006.

7. Cash available in peacekeeping accounts amounted to over $1.7 billion, but those resources were divided among the accounts of a number of operations and there were restrictions on their use. The General Assembly had specified that no peacekeeping mission should be financed through borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. As at 31 December 2006, cash in the accounts of active missions had totalled approximately $1.154 billion, the accounts of closed missions had totalled $484 million and the Peacekeeping Reserve Fund had contained an available balance of $122 million.

8. The financial position of peacekeeping operations as at 16 May 2007 showed some improvement. By that date, new assessments totalling over $2.5 billion had been issued, against which contributions of over $2.8 billion had been received, thereby reducing the amount outstanding from over $1.8 billion to over $1.6 billion. She wished to pay special tribute to the 24 Member States (Australia, Austria, Azerbaijan, Botswana, Canada, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Liechtenstein, Madagascar, Monaco, Mozambique, New Zealand, the Republic of Korea, the Russian Federation, Singapore, Sweden, Switzerland, Thailand and the United Kingdom) that had paid all peacekeeping assessments due and payable by 16 May 2007.

9. The total cash available in peacekeeping accounts at the end of 2007 was expected to be almost $1.4 billion, with $816 million in the accounts of active missions, $453 million in the accounts of closed missions and $146 million in the Peacekeeping Reserve Fund. Of the $453 million expected to be available in the accounts of closed missions at the end of 2007, $335 million related to amounts to be paid for outstanding liabilities, such as troop and equipment payments and credits to be returned to Member States. That left only $118 million available for cross-borrowing by other accounts, including the regular budget, the International Tribunals and active peacekeeping operations. Such cross-borrowing had been required in 2006 and 2007 for three active peacekeeping operations: the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Observer Mission in Georgia (UNOMIG) and the United Nations Mission for the Referendum in Western Sahara (MINURSO).

10. As at 31 December 2006, the amount owed to Member States for troops/formed police units and contingent-owned equipment stood at $1 billion, as compared to $695 million as at 1 January 2006. That increase was attributable to the full deployment of troops/formed police in the United Nations Operation in Côte d'Ivoire (UNOCI) and the United Nations Mission in the Sudan (UNMIS), additional troops/formed police units for the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), the expansion of the United Nations Interim Force in Lebanon (UNIFIL) and the establishment of the United Nations Integrated Mission in Timor-Leste (UNMIT). It was estimated that, following the receipt of additional assessed contributions and a subsequent increase in payments to Member States from $1.1 billion to $2.1 billion, debt to Member States would decrease to $589 million by the end of 2007. However, the estimated payments for 2007 were also dependent on the timely finalization of the relevant memorandums of understanding, particularly those relating to UNIFIL. As at 16 May 2007, 62 out of a total of 302 memorandums of understanding, or 21 per cent, had not yet been finalized.

11. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had deteriorated in 2006. Outstanding assessments, which had fallen to $25 million by the end of 2005, had increased again to $51 million by the end of 2006. More than 85 per cent of that amount was owed by only five Member States. Although 99 Member States had paid their assessed contributions for both Tribunals in full by 31 December 2006 — six more than by the end of 2005 — the outstanding balance had increased rather than decreased over the corresponding period, owing to the composition of payments. The situation in 2007 showed a modest improvement, however. Eight more Member States had paid their assessed contributions for both Tribunals in full by 16 May 2007 than by the same date in 2006 (57 as opposed to 49). If recent positive cash flow trends continued, the Tribunals should end the year with positive cash balances, although the final outcome would depend on whether Member States continued to honour their financial commitments.

12. On 22 December 2006, the General Assembly had approved a total budget of $1.88 billion for the capital master plan. The project would be funded from assessed contributions, and Member States had been asked to choose between two payment options: a one-time assessment or multi-year payments over five years. To date, 11 Member States had chosen the one-time payment option. As at 16 May 2007, 168 Member States had made payments totalling $331 million, leaving $174 million of the amount assessed thus far still outstanding. In addition, the General Assembly had approved the establishment of a working capital reserve of $45 million, to be funded with advances from Member States and apportioned at the rates of assessment for 2007. As at 16 May 2007, 79 Member States had made payments totalling $32 million to the working capital reserve.

13. The cut-off date for paying in full and on time was 120 days after the issuance of assessments. As at the cut-off date, 7 May 2007, 48 Member States had paid in full. As at 16 May 2007, 59 Member States had paid in full. Regrettably, however, 24 Member States had yet to make any payments to the capital master plan.

14. By way of conclusion, she paid tribute to the 20 Member States (Australia, Austria, Azerbaijan, Botswana, Canada, Denmark, Finland, Ireland, Italy, Liechtenstein, Monaco, Mozambique, New Zealand, the Republic of Korea, the Russian Federation, Singapore, Sweden, Switzerland, Thailand and the United Kingdom) that, as at 16 May 2007, had paid all their assessments in full for the regular budget, peacekeeping operations, the International Tribunals and the capital master plan. There had been some encouraging signs of progress in 2006, but the financial position of the regular budget as at 16 May 2007 was weaker than it had been on the same date in 2006. The financial health of the Organization would continue to depend on whether Member States met their obligations in full and on time.

Other matters

15. **Ms. Lewis** (Chief, Central Planning and Coordination Service and Secretary of the Inter-Agency Meeting on Language Arrangements, Documentation and Publications, Department for General Assembly and Conference Management), responding to a query raised in informal consultations by the representative of the Syrian Arab Republic regarding the availability on the Official Documents System (ODS) of the Arabic version of the Secretary-General's report on the budget for the United Nations Interim Force in Lebanon for the period from 1 July 2007 to 30 June 2008 (A/61/870), said that the document had been issued in all official languages on 5 May 2007. Paper and electronic copies should have been available by the following working day (7 May 2007).

16. The uploading and release of texts onto ODS was a largely automated process, but technical problems occasionally arose. In those circumstances, her Department sought to identify the problem and arrange for the reposting of the document concerned as soon as possible. Unfortunately, in the case at issue, the usual internal channels of communication had not resolved the situation, and the document had not been released onto ODS until 15 May 2007, approximately one week after it had been made available in paper form. She regretted that delay and any adverse consequences it might have had.

17. The Department for General Assembly and Conference Management, working closely with the Information Technology Services Division, had established internal guidelines for identifying and rectifying problems encountered with the uploading or retrieval of texts. With a view to avoiding any repeat of the incident at issue, the Department had reviewed those guidelines and had decided to inform all concerned, including Member States, that the Documents Control Section of the Department had been designated as the official focal point for monitoring and troubleshooting the document production cycle and for rectifying any problems. Member States could contact the Chief or Deputy Chief of that Section directly.

The meeting rose at 10.50 a.m.